

Proposal Form: American Rescue Plan State Fiscal Recovery Funds

Proposal Overview

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| Policy Bucket/Area | Economic Development |
| Proposal Name | South Quay |
| Agency Name | Rhode Island Commerce Corporation |
| Agency Proposal Owner | Hannah Moore |
| Eligible Expenditure Category (PRO) | Revenue Replacement |

Proposal Fiscal Impact

If your proposal is administrative or not related to capital or infrastructure, please provide how the stimulus funds would be used over the next three fiscal cycles and any additional funding that would be required.

| Funding Source | FY22 | FY23 | FY24 | FY25 | FY26 | FY27* | Annual Recurring Charges |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------------------------|
| Federal Stimulus Funds | | | | | | | |
| Other Federal Funds | | | | | | | |
| General Revenue | | | | | | | |
| Other Funds | | | | | | | |
| All Funds | | | | | | | |

**Federal Stimulus Funds half year only*

| Capital/ Infrastructure Projects | FY22 | FY23 | FY24 | FY25 | FY26 | FY27* | Total |
|---|--------------------------|--------------------------|--|-------------|-------------|--------------|--------------|
| Federal Stimulus Funds | \$12M (This application) | \$23M (This application) | | | | | \$35 M |
| Other Funds | | | \$68M -future phases (Applied/to be applied for- including private match as required for federal grants) | | | | \$68M |
| Total | \$12M | \$23M | | | | | \$103M |

**Federal Stimulus Funds half year only*

Proposal Description

Please describe the proposal in terms of what is the object of expenditure. Information should include current programs that would be impacted, new programs to be created, reference to category of expenditure and how good or service will be procured and delivered. Further detail on expenditure database changes can be captured on attached excel spreadsheet for ultimate entry into the Budget Office BFM system.

East Providence's proposed South Quay Marine Terminal (SQMT) project improvements will create a large, integrated, and centralized hub of intermodal shipping specially design to support the budding offshore wind industry. The Terminal will provide a significant number of jobs for RI residents over the years, along with significant benefits to the state and region, as well as the environment, and improve freight-transport conditions and support the development of clean renewable energy.

This request is focused on Phase 1 of the overall SQMT project and the efforts and activities that would be performed under this project phase. Under the funding provided for Phase 1, the project development Team (City of East Providence, RIWE, and its partners at ProvPort) seek to finish the design activities and develop the waterfront portion of SQMT to result in a highly robust marine-industrial facility. The currently proposed project includes construction of **Phase 1** of the overall proposed buildout plan and includes the following components:

- Finalization of the design package and development of procurement specifications
- A 650 ft cofferdam bulkhead to support berthing vessels and allow for loading/unloading of vessels
- A 650 ft berth dredged to -32 ft MLLW with lead-in off the Providence River federal channel
- A 400 ft x 150 ft wide pile supported hard point/concrete deck
- Fendering, Bollards, and Water service at the bulkhead
- 10 acres of improved upland (using 1 layer of geogrid instead of 2). I don't have time to see what the bearing capacity is, but the initial GZA analysis did find that they could meet the loading requirements (6,144 psf and 5,120 psf) for certain loading scenarios (strip footings), so if we have the 3 feet of dense grade and one geogrid, we can presumably meet those on wider footings.
- Drainage and fire protection for the site
- Security fencing for the entire perimeter

Proposal Estimate

Please explain how the estimated cost of the proposal was derived including all considerations included in the calculation for the current fiscal year as well as the outyears.

Project costs were derived using industry standard construction cost estimating methodologies, including cost estimation manuals, recent public bids, and previous similar projects.

Proposal Background/Opportunity Statement

In this section, clearly explain the conditions that exists today and the opportunity that your request presents to capitalize on. The best opportunity statements thoroughly explain, with as much detail as possible: (1) where we are today; (2) where we want to be in the future; and (3) why there is the gap between where we are and where we want to be. In each of the three stages, please quantify the impact this proposal will have; quantification should include the fiscal benefits to the state over time, but may also include other quantifiable metrics (i.e., the proposal will increase the percent of the population that has access to broadband from 10% to 50%; currently XXX of staff hours per week are spent... this proposal will reduce this to XX hours).

The South Quay was created on title land by the US Army Corps of Engineers (USACE) in the 1940's forging a 16.8-mile-long Providence River commercial waterway now principal to the New England Region. The site was planned as a maritime terminal in the late 1970's when it was owned by the Providence & Worcester Railroad. The channel adjacent to the parcel was dredged and repurposed for filling the South Quay parcel. Additional sandy fill was placed on top. The USACE approved permits for the rail and maritime cargo use of South Quay in 1978 and continues to maintain the deep-water channels in Providence Harbor in support of the numerous automotive, wet and dry bulk, and passenger transport in the Narragansett Bay region.

The plans for the marine terminal were never fulfilled, and the 32 acres of fill have remained empty since the 1990s. Despite the potential for development, South Quay sat idle for nearly 40 years. In 2019 the site was bought by RI Waterfront Enterprises, LLC with plans for redevelopment. The growing need for heavy freight and the ability to establish South Quay as a primary player in the Providence Harbor port network prompted the owners to place initial focus on industrial development.

The SQMT is designed as a state-of-the-art port facility with access to deep water and high ground-bearing strength quay sides and uplands as required by the Offshore Wind (OSW) industry. One of the primary goals of the project is to serve coaster vessels delivering heavy cargo consisting of large OSW components (e.g., foundation elements, towers, nacelles, blades, etc.). The OSW industry requires that such a facility be equipped to berth a vessel(s), provide a stable surface to off- and on-load heavy components, provide stevedoring services and to have access to shore power to eliminate the use of vessel auxiliary engines, which lowers the overall carbon footprint of the port facility and the berthed vessels. These same characteristics are desirable to support the operations of any vessel calling on the port to load out OSW components for installation at their final wind farm locations or other port-type uses.

The South Quay's access to the deep-water channel in the Providence River leads to the mouth of Narragansett Bay, which is less than 20 miles from the closest federal OSW lease areas with signed power purchase agreements (PPA). These lease areas have been leased to multiple international development teams who are committed to over a dozen modern large-scale clean energy projects. Based off of State commitments alone, offshore wind farms will supply 17,600 MW of energy to the 3 lower New England states of Massachusetts, Rhode Island and Connecticut, as well as New York via Long Island by 2035. Additional projects in NY/NJ will require support infrastructure for freight and are accessible via coastal shipping lanes from Providence Harbor. The need for the heavy freight capability is in demand by every developer with a lease area to begin producing power. ProvPort, across the harbor from the South Quay, and the Port of Davisville are the first in the nation to support an offshore project wind in US waters; the 5 turbines of Block Island Wind Farm. The deployment of America's first Offshore Wind farm is a great success and achievement, not the least of which is that the developer was able to deploy a large proportion of the components from ProvPort in Rhode Island. Scaling up to meet the increase in demand seen on the U.S. East

Coast is more of a challenging task, however. The projected OSW buildout of the East Coast would entail several thousand turbines; each projected wind farm comprised of between 50 and 100 turbine units, creating ocean renewable energy at a scale that has yet to be contemplated in this country. The leap to 80-100 turbines in a single wind farm requires an expanded network of deep-water ports with the ability to accept and distribute heavy freight from multiple transportation nodes. The South Quay's access to roads, railyard potential and deep-water channel meets that demand and encourages developers to concentrate operations in Providence Harbor and Narragansett Bay. The infrastructure to support the construction, installation and freight operations for offshore wind farm components does not exist, creating an opportunity for Rhode Island to lead the region in a national push for offshore wind energy implementation. At this stage in the development of the industry, it is widely recognized that a multi-port facility solution will likely be necessary if the supply chain is to be attracted to the U.S. market. This is an opportunity for East Providence to play a pivotal role in the development of a new multi-use transportation commercial/industrial freight shipping facility to house the growing Offshore Wind Industry along the East Coast. This would enable East Providence to fully reclaim its waterfront as a relic of the petroleum industry to a leader in clean renewable energy.

Proposed Intervention & Theory of Change

Provide a detailed description of how the initiative you are proposing responds to the opportunity statement above. Your narrative should clearly describe how your intervention, if funded, could close the gap described above and achieve the desired future state. Please highlight the use of any evidence-based interventions in your proposal and discuss how this proposal will promote equitable outcomes.

The SQMT will be one of a handful of purpose-built ports capable of handling the massive size and weight of the components used in offshore wind. With the current Presidential administration committing to developing 30 GW in the US by 2030, and only one purpose-built port facility currently operational, heavy load capacity port facilities are at a premium. The SQMT can play a significant role in marshalling the offshore wind industry for decades to come of what is to be a \$109 billion industry. Based on modeling from US National Renewable Energy Laboratory, an 800 MW project can have a \$20-\$43M economic impact on direct employment, around \$650M in supply chain impact, and around \$220M in induced benefit. This recognizes that there is a global supply chain for the offshore wind, however the more of a project that is staged or deployed out of a port, the larger share of that impact gets dispersed locally. The SQMT allows Rhode Island, along with its two other higher valuable port assets at ProvPort and Quonset, to remain a hub of offshore wind activity after being the first in the nation to deploy an offshore wind project for the Deepwater Wind project off Block Island.

Target Population

Please provide how many individuals/businesses/etc. will be impacted by the proposal and why the population is in need of the intervention described above.

The development of the SQMT will provide a significant number of well-paying construction related jobs over an 18-24 month period, providing stability and security in an industry that often experiences winter slowdowns and temporary layoffs. Once the Terminal is operational, there will also be significant employment benefits to workers such as welders, pile drivers, stevedores, longshoremen, etc.

Recurring Fiscal Impact of Proposal

Please be clear about the recurring financial changes that may occur or be necessary because of the investment. For example, a refurbishment of a current capital asset may lower maintenance costs in the future or a new investment may require annual appropriations to operate.

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Relationship to Other Relief

If the analyst is recommending another source of funding, or is explaining future federal funding to maintain this program, please note the other federal source of funding below with an explanation of why that source best fits the proposed action described above.

There has already been a significant amount of investment into the SQMT, both private and public. RIWE is committed to pledging 33 acres of real estate with 1,000 feet of quayside frontage located on the federal navigation channel. In addition, RIWE will continue to fund all local, state, and federal permitting, and further the project design, for an estimated total private investment valued at approximately \$16 million currently, with additional private funding as may be required by future federal grants. The project has received funding from RI Commerce and has qualified for/earned a \$15M tax credit from the State. The project, through its public private partnership, will continue to seek federal infrastructure funding from US DOT grants such as RAISE, INFRA, and PIDP. For these grant applications, there has been a commitment of private equity of up to 20% of grant funding.

The City of East Providence has committed many resources to this project through the development of the Waterfront Commission. The Waterfront Commission has been charged with facilitating the transformation of the East Providence waterfront into a model of urban revitalization. The Commission has developed streamlined regulatory processes and given countless hours of support to this project.

The City and the East Providence Waterfront Commission has the ability to provide funding for certain transportation and infrastructure improvements if necessary to promote the redevelopment.

The City has not identified the use of any local fiscal recovery funds for this project.

Phase 1 of the project will create a fully functional port to support the Rhode Island economy and economic recovery from the pandemic and serve the early stages of development of the offshore wind industry. Future phases will enable expansion of the port facilities and add unique features to support the future off-shore wind industry's growing needs, which are critical in both achieving environmental justice and addressing climate change. To fund future expansion, the applicant is seeking, and will continue to seek, Federal grants to complete these additional project phases, and lead to an additional \$92.1 million in construction spending.

Timeline for Implementation

Describe how long you expect your proposal to take to implement in full, noting how much progress you expect to make in one year or less. In addition, describe how the project or investment funding can be obligated by December 31, 2024.

The SQMT team is ready to begin work immediately. Permit applications are under review with both the RI Coastal Resources Management Council and the US Army Corps of Engineers. The project should have permits in hand by the end of the calendar year 2021, and the funding will be put to use right away. We estimate finishing up the design will take approximately three months, the steel and bulkhead work to take up to one year, and the dredging to take two months, however starting in October 2022. In total, Phase 1 of the project should be completed by late winter 2023 and the subsequent phases to follow on from that. It is important to note that the site will be capable of operating as a marine terminal at the end of Phase 1. From a construction standpoint, the entire facility envisioned could be completed by 2025.

FTE Impact

Use this section to note whether this proposal would require the hiring of additional FTEs, the elimination of existing FTEs or a reprogramming of FTEs. Please provide specific counts, job classifications of impacted existing employees and/or new hires, and salary/benefits costs for each position. Please note relevant timeline considerations such as anticipated hire/reassignment date and end/return to original assignment date for any temporary personnel assignments. If you expect the initiative to require the assistance of contractors, please note that expectation here.

Construction and operation of the SQMT will create a high number of well-paying jobs while stimulating the economy in both the short and long term. The construction of SQMT has the potential to create **902 jobs**¹ over a period of 18-24 months. With an average median annual salary ranging from \$44,480-\$84,980² for related construction jobs in the Providence, RI, there is potential for direct household income and economic benefit during the construction period. Annually recurring economic effects has the potential to create and retain hundreds of jobs depending on port specification. For onsite manufacturing, **105-564**³ **direct annual jobs** can be created depending on manufactured component (towers, generators, submarine cables, nacelles, blades, and foundations, respectively). Additionally, if utilized as a construction base port for offshore wind projects, approximately **948 direct annual jobs**⁴ have been estimated to be created as long-term operational employment.

¹ Estimates based on Calculations conducted by Team Economic Consultant: FXM Associates, Inc. of Mattapoisett, MA (September, 2009) as cited in the City of New Bedford's TIGER Grant 2009 Application. South Quay project costs were adjusted to 2009 dollars assuming a 1.84% average inflation rate and then job estimates were interpolated.

² Based off the U.S. Bureau of Labor Statistics Occupational Employment Statistics selected for related port construction careers in the Providence, RI metropolitan area.

³ Estimates based off BVG Associates Virginia Offshore Wind Port Readiness Evaluation for a manufacturing facility sized to manufacture 100 turbine components a year.

⁴ Estimates based on Calculations conducted by Team Economic Consultant: FXM Associates, Inc. of Mattapoisett, MA (September, 2009) as cited in the City of New Bedford's TIGER Grant 2009 Application. The South Quay is similar in size and construction to the New Bedford Marine Commerce Terminal and job estimates for a construction base port have been taken directly.

Potential Impediments or Risks

Use this section to note any potential risks related to the proposal or barriers to implementation (including, e.g., required statutory changes, lack of necessary technical staff/software capabilities, public pressure, highly complex and difficult implementation strategy, etc.), or any unintended consequences that might result from the proposal. You should also note any unanswered questions or persistent unknowns that could hinder implementation of the proposal.

The SQMT has been thoroughly designed and represents a well-thought out, achievable infrastructure project. The biggest risks facing the project are not endemic to the project themselves, but come from the worldwide supply chain issues that are currently on-going. Relative to the SQMT that could mean a delay or increased price for the marine steel needed for the implementation of the bulkhead. It is because of this risk, the SQMT is proposing to acquire and install that steel in Phase I, in order to get the materials as soon as they are available and not have delays on future phases. Further, creating a functioning and revenue-generating port facility as Phase 1 would make SQMT significantly more attractive in future Federal funding rounds and allow the project to proceed in phased components rather than needing a single large, or many small and complicated, Federal grant[s].

Connection to Existing Models and Partnerships

Explain how your proposal leverages or expands existing models or partnerships within the state. If your proposal does not build on any existing models or partnerships, explain how you intend to quickly launch your proposed intervention and expend requested funds in one year or less.

This project is a Public Private Partnership with the City of East Providence and RI Waterfront Enterprises, LLC. In addition, both parties have a commitment to work with ProvPort and Waterson Terminals for the development and operation of this facility. These partnerships are desirable as the US DOT, a funding source for future phases, places an emphasis on innovative project delivery methods, one of which is public-private partnerships. The Partnership with ProvPort and Waterson terminals will allow the SQMT to capitalize on their operational knowledge of ports, connections within the offshore wind Industry and capabilities to market both port facilities to potential users as an integrated and complementary port system.

Timeline for Outcomes

How long after this initiative is implemented do you expect to see meaningful change (example: completion of a proposed training initiative, return on capital investment, attainment of program targets, etc.)? If you expect long-term savings, when do you predict that savings will begin?

We expect to have design completed within 3 months of receiving funds and be able to procure steel for the bulkhead in the winter of 2022. The bulkhead installation and dredging of the Phase I aspect of this project could be completed by the end of December 2022.

Evidence-Based Intervention

Briefly describe the evidence-based interventions envisioned for the initiative, and/or if projects are being evaluated through rigorous program evaluations that are designed to build evidence. If an agency is conducting a program evaluation in lieu of spending on evidence-based interventions, please describe the evaluation design. You can use tools like the [Pew Results First Clearinghouse](#) and the [Social Programs That Work](#) database to determine whether the type of initiative that you are proposing has been rigorously evaluated in other jurisdictions.

While the project has not been measured by these methods, benefits to the Rhode Island economy, including good paying jobs for Rhode Islanders, addressing climate change, and preparing Rhode Island for a more equitable future are described herein.

Equity

Describe how your agency's planned use of funds prioritizes economic and racial equity as a goal, names specific targets intended to produce meaningful equity results at scale and articulates the strategies to achieve those targets.

Population: Are there particular historically underserved, marginalized, or adversely affected groups that you intend to serve? What data supports this population being categorized as underserved or marginalized?

SQMT's personnel policies and practices are designed to provide equal opportunity for all persons. A policy of non-discrimination by itself, however, is not sufficient to erase the effects of the past. The goal is to achieve the equitable participation of Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, non-binary and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.

SQMT celebrates the diversity of our community and remains dedicated to affirmative actions, policies, procedure, and attitudes necessary to continue to build and retain a workforce that is reflective of the community that we are here to serve.

In addition, SQMT has made a commitment to help fund education and training programs specifically for people adversely affected by persistent poverty and inequality. In our comprehensive approach, we are planning to advance equity for all people of color and others who have been underserved and marginalized.

One such program that we have helped fund is Community Boating Center (CBC) a 501(c)3 non-profit founded in 1994 and gaining national attention in youth and young adult STEM (Science, Technology, Engineering, Math) initiatives. CBC, adjacent to SQMT, integrates sailing and paddling initiatives in the Providence Harbor for at-risk, public and charter school students with environmental stewardship and STEM lessons to supplement education gaps in the Providence and East Providence area. SQMT contributes directly to CBC's "Sailorship" scholarship program which allows low to moderate-income students from different cultures and backgrounds to attend sailing and paddling lessons at CBC.

CBC strives to inform students about global climate change issues impacting local waters. Since all CBC STEM learning is done on the water, adjacent to SQMT, a perfect opportunity evolved to support CBC efforts to experientially teach their diverse student population about related environmental issues; from climate change to wind power. In partnership with CBC, students can paddle to SQMT for site visits and learn directly from offshore wind project managers and port managers about careers in the new booming US industry of offshore wind.

CBC's programs help prevent summer learning loss, extend the learning day with supplemental education, and equip students with STEM and environmental learning competencies vital to educational and career success. For example, in session 1, students define wind scientifically and construct anemometers to measure wind speed, collect data, and compare wind velocity in different locations. A dedicated "Wind Power" learning module also helps to inspire environmental stewardship and foster clean energy education.

We are planning to build a solid foundation for synergistic future success in community engagement. Additionally, CBC's nationally recognized work in STEM and environmental programming touches thousands of public and charter school students providing future opportunities for site visits, education and engaged activity outreach to a wide network of well-established partners.

Awareness: How equal and practical is the ability for residents or businesses to become aware of the services funded by the SLFRF?

While there are not specific services provided under this project, as noted otherwise herein, the SQMT will create well-paying jobs and utilize the local skilled workforce.

Access and Distribution: Are there differences in levels of access to benefits and services across groups? Are there administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria?

While the construction and implementation of the SQMT will benefit and utilize the local skilled labor force, once the port is operational the benefits will be accessed by the entire local community as well as a large part of the regional community. These benefits will be realized by revenue generation provided to the City as part of Operations which can be reinvested in the community. Another significant benefit comes from the support of developing clean, renewable energy through offshore wind. This will benefit all electricity users by providing reliable, non-fossil fuel based power, which will also help to counteract climate change, which disproportionately affects those of lower income.

Outcomes: Are intended outcomes focused on closing gaps, reaching universal levels of service, or disaggregating progress by race, ethnicity, and other equity dimensions where relevant for the policy objective?

The SQMT commits to providing access and priority to involving the local community in the development of the project. There will be local workforce participation and apprenticeship programs developed in partnerships with the contractors and trade unions.

Performance Metrics

Describe your agency's plans to evaluate this SFRF initiative in the future if your request is approved. Your narrative should include the specific metrics that you plan to track, the methods you plan to use to evaluate the initiative, and the types of data that you will collect. You should explain why and how you've arrived at this evaluation plan. You should also quantify what success looks like for this initiative, based on the metrics that you plan to track.

These projects activity will be tracked with the following metrics:

- Project Delivery – Tracking schedule and timeline for finishing the project
- Project Budget – Tracking expenditures against projected budgeted
- Workforce Participation – Logging use of local working and talent
- Project Operations - Tracking project revenues versus projections for port operations

Statutory Implications:

Note whether this initiative will require a budget article in order to be implemented. If an article will be required, identify the impacted statute and include an attachment with proposed new statutory language to accompany this Decision Package form, and a Statutory Impact Summary Memo, which describes the technical changes to the law as well as the budget and policy implications of those changes. If an article will not be required, simply include the following narrative:

This initiative will not require a budget article.

Interagency Impact:

If this initiative would impact another agency, name the affected agency(ies) and note how the proposal would impact them here. Note whether the other agency has been made aware of this proposal and whether the impact on the other agency will be included in their analysis. If the proposal is likely to have an impact on another agency but that impact is not quantifiable, you should also note that here. If this initiative will not have an interagency impact, simply include the following narrative:

This initiative will not impact any other agencies.

Revenue Impact:

If this initiative would impact revenues collected by the agency, please explain below. When possible, please provide an estimate of the impact on revenues. If this initiative will not have an impact on revenues, simply include the following narrative:

Phase 1 of the project is estimated to generate nearly \$2,000,000 in annual revenue once fully operational. As partners in this endeavor the applicants are prepared to discuss a revenue sharing model that will generate annual funds for the agency without preventing the ability of revenue to cover operating expenses and subsequent phases of port development. The Rhode Island Commerce Corporation evaluated the full project (all phases) and noted the many immeasurable impacts of the of project such as the economic benefits of leading the off-shore wind development in Rhode Island by ensuring the availability of port space, providing capacity for East Providence to support additional wind development facilities, and providing the port with facilities to support other aspects of maritime traffic such as bulk and project cargo. Additionally, the construction and operation of the facility would increase annual GDP in Rhode Island by an estimated \$2,480,000, and a cumulative increase in state income tax, and sales and business tax of approximately \$3,774,000. Finally, the study showed a direct, indirect, and total impact of all spending related to construction and operation of the facility at a total output of \$387,100,000.

Additional Proposal Details

Please provide any additional information that would aid the review and vetting of the proposal.

The great advantage of this project is that it can be built out in phases. The phase 1 for which this project is applying will allow for an operational, heavy lift port that can provide revenue. The full build out will include a 1,020 ft long bulkhead with full length berth, and a fully built out (30 acres total) heavy bearing capacity site with state of the art appurtenances and services. Phase 1 will allow for a single berth while the full buildout will have two berths, which will increase the throughput of the port, however Phase 1 will still allow for support and deployment of large scale projects such as an offshore wind farm.

Also while this project is requesting \$35M in funding for Phase 1 from the ARPA program, there is an alternative funding mechanism of receiving \$25M from ARPA funds and \$10M from the Question 7 state referendum that authorized investment in development of the State's Port Facilities.